

PART I - THE SCHEDULE

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

B.1 TYPE OF CONTRACT - ITEMS BEING ACQUIRED

This is a cost-plus-incentive fee (CPIF) completion contract (excluding transition), that also includes schedule driven performance incentives as described herein. The transition period is a cost reimbursement-no fee arrangement, with a Not-to-Exceed Estimated Cost of \$1,000,000 (See Section B.4 and Statement of Work Section C.7). The Contractor shall be responsible for planning, managing, integrating, and executing the work scope as described in Section C. The Contractor shall furnish all personnel, facilities, equipment, supplies, and services (except as may be expressly set forth in this contract as furnished by the Government) and otherwise do all the things necessary for, or incident to, performing in a safe, efficient, and effective manner.

B.2 OBLIGATION OF FUNDS

- a. Pursuant to the FAR Clause 52.232-22, entitled "Limitation of Funds," total funds in the amount of \$(*to be determined*) are obligated herewith and made available for payment of allowable costs, fee, and other incentives earned from the effective date of this contract through contract completion.
- b. Financial Plans: Cost and Commitment Limitations. In addition to the limitations specified above or elsewhere in this contract, the DOE will issue Financial Plans to the Contractor to establish controls on the costs and commitments to be made in the performance of this contract. The Contractor's costs and commitments cannot exceed the amount obligated for any appropriation obligational control point identified in any Financial Plan issued in support of this contract. The Contractor will promptly notify DOE in writing if it has reason to believe the authorized financial levels of costs and commitments will be exceeded or substantially underrun.

B.3 AVAILABILITY OF APPROPRIATED FUNDS

The duties and obligations of the Government hereunder calling for the expenditure of appropriated funds shall be subject to the availability of funds appropriated by the Congress which the Department of Energy may legally spend for such purposes.

B.4 ESTIMATED COST - TRANSITION PERIOD (Award Date through November 30, 2000)

Estimated Cost: NOT-TO-EXCEED (NTE) \$1,000,000.

Transition costs are authorized for reimbursement under this contract, subject to the limitation (NTE Amount) set forth above. These costs are limited to costs incurred related to the proposed Key Personnel and other employees of its own organization, including Teaming Partners if applicable, for the transition period. Cost incurred by the current incumbent for normal business activity shall not be charged as transition costs. No costs above the limitation will be authorized. There will be no fee earned or paid during the transition period.

B.5 TARGET COST AND TARGET FEE (December 1, 2000 through site closure in accordance with Section C of this contract (currently December 31, 2009).

The Target Cost and Target Fee are:

Total Cost	<u>\$ 2,115,992,000</u>
Less DOE Costs & Fee	<u>\$ 228,593,000</u>
Target Cost (excluding fee):	<u>\$ 1,887,399,000*</u>
Target Fee:	<u>\$ 80,000,000*</u>
 Total Target Cost & Fee	 <u>\$ 1,967,399,000*</u>

*These are initial amounts based on the current project baseline and anticipated cost incentive. The Contractor must provide a revised baseline and certified cost and pricing data within 6 months following contract award that will be used to negotiate and adjust the actual targets for this section, as necessary. If the parties cannot reach a negotiated agreement, the Government will establish the target cost and fee unilaterally.

B.6 INCENTIVE DESCRIPTIONS

The Ohio Field Office (OH) has a mission of accelerated completion of the Fernald Environmental Management Project (FEMP). This contract is intended to support that mission and achieve accelerated completion goals. The intent is to accelerate "Legacy Facility Completion" and "Site Completion." "Legacy Facility Completion" includes building demolition/dismantlement, waste disposal, soil cleanup, and disposal facility operations (with the exception of Silos 1&2 waste treatment facility dismantlement and disposal), referred to as "Legacy Facility Completion," before the current baseline date of FY 2008. "Site Completion" includes the acceleration of final dismantlement and disposal of the Silo treatment facilities,

residual soil removal and final site restoration before the current baseline date of December 2009. This includes a 15 month demobilization and silo treatment facility removal period. Legacy Facility Completion and Site Completion are described in the Statement of Work, Section C-4.2. In order to obtain these results, fee tied to cost and schedule performance will be utilized to provide the Contractor significant monetary incentives. If the Contractor proposes as a part of a consortium, joint venture, and/or other teaming arrangement, the team shall share in this contract fee structure (i.e. separate additional “subcontractor fee” for teaming partners will not be considered an allowable cost under this contract). The maximum available fee incentives correspond to the Department’s goal for completion of activities at closure sites. Under no circumstances will the Total Available Fee exceed 12% of the Target Cost.

The performance incentives are structured to incentivize the Contractor to complete the contract below the Target Cost (cost incentive) and to incentivize the Contractor to accelerate completion of the site prior to the Target Date (Schedule Incentive). The Cost and Schedule Incentives are independent of each other, and the amounts awarded for each are not dependent upon or reduced by the other, with the exception that late completion of the Target Schedule will cause a reduction up to the maximum of \$10 million. The Cost and Schedule Incentives are described in detail below.

Cost Incentive

The cost incentive is structured as a CPIF contract wherein the Government and the Contractor share in the cost underruns and/or overruns from the target. For illustration, using the targets in Section B.5, with the maximum 80/20 share ratio, the Government would pay the Contractor the Target Fee and an additional twenty cents for each dollar saved under the Target Cost, up to the maximum fee limit, subject to proposal by Offerors. Conversely, if the Contractor overruns the Target Cost, the Government will deduct twenty cents for each dollar overrun from the Target amounts, down to the minimum cost incentive of \$50 million. The maximum and minimum amounts and the share line associated with this type of incentive are prescribed by the clause entitled “Incentive Fee” in Section I and listed in the Table below for convenience. The maximum cost incentive for cost savings is the only portion of this incentive arrangement that will be proposed by the Offerors as described in Section L. Adjustments to the Target Cost will be based on submittal of the revised Baseline and certified cost proposal within 6 months following contract award.

Cost Incentive Table:

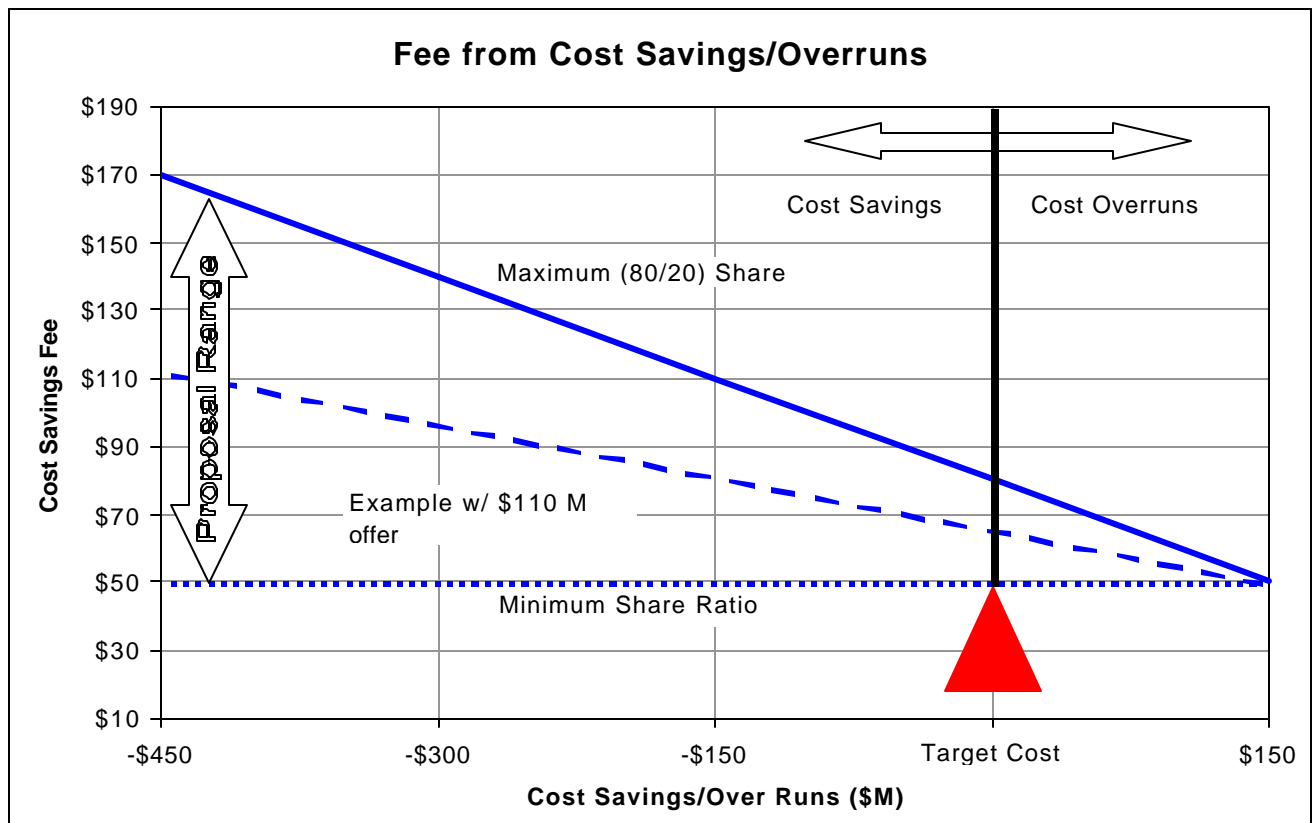
Target Cost & Target Fee	Min/Max Fee	Share Ratio
\$1,887,399,000/\$80,000,000	\$50M/\$170M	80/20

Maximum Cost Incentive Fee

The Maximum Incentive Fee for cost inserted in the contract clause entitled, “Incentive Fee” is \$170 million. The Offeror may propose a lower amount in the table below which will be used for evaluation purposes. The Target Cost, Target Fee, and Minimum Fee will remain constant until the Contractor’s Revised Baseline and Cost Proposal are negotiated, approved and implemented.

Government Defined Maximum Incentive Fee (Cost)	Contractor Proposed
\$170,000,000	\$

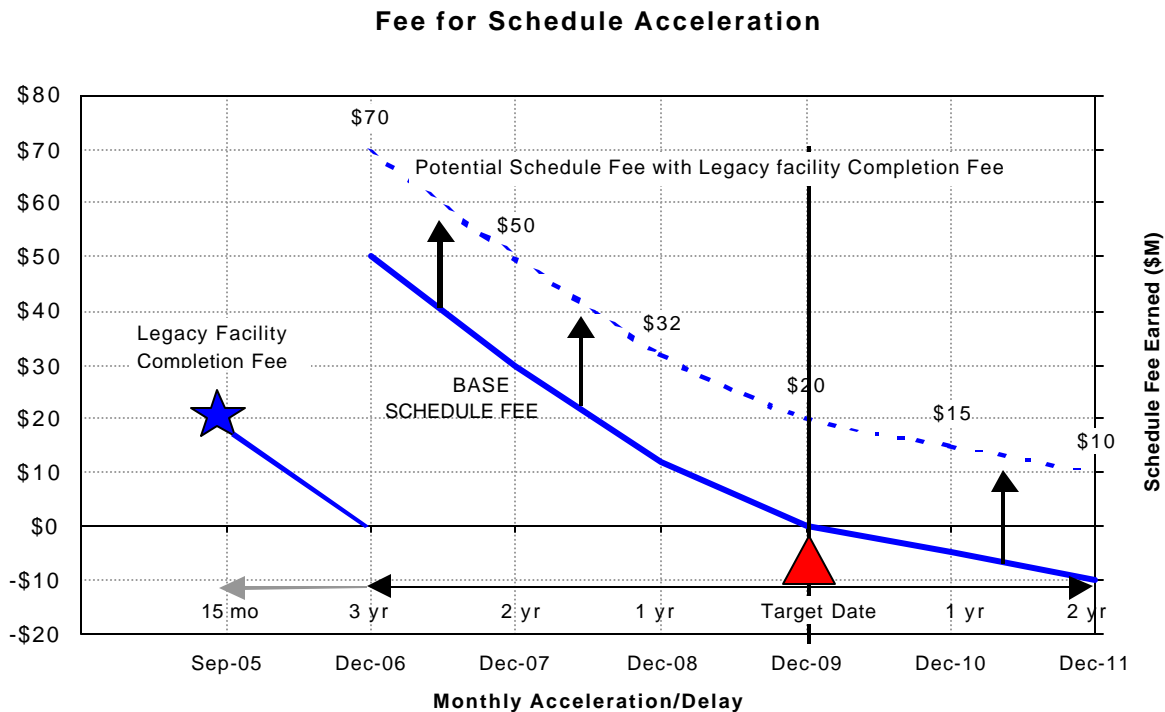
While the maximum will remain constant, other portions of the cost incentive may be renegotiated based upon DOE’s evaluation of the aggressive, credible Baseline Revision, including Contractor acceptance of risk, submitted by the Contractor within 6 months following contract award.

CHART I, COST INCENTIVE

Schedule Incentive

The Schedule Incentive emphasizes DOE's position to accelerate performance (i.e., Site Completion); therefore the Target Schedule Date of December 31, 2009 provides no schedule fee. For each year, or part thereof, before the Target Schedule Date, the Contractor will receive schedule fee in accordance with Chart II below, up to a maximum of \$50 million. If the Contractor completes later than the Target Schedule Date, the net amount of Fee earned, considering cost fee earned, will be reduced up to a maximum of \$10 million. Completion before or after the Target Schedule Date will be calculated on a straight line basis for each month, or part of month the Contractor needs for completion. An additional \$20 million in Schedule Fee will be added to the Site Completion Schedule Fee for attaining "Legacy Facility Completion" by September 30, 2005. The "Legacy Facility Completion" \$20M Schedule Incentive will be reduced on a straight line basis for each month, or part of month, the Contractor needs for the Legacy Facility Completion between September 30, 2005, and December 31, 2006. If Legacy Facility Completion is not achieved by December 31, 2006, subject to adjustment in the Target Date, the Legacy Facility Schedule Incentive is zero. The amount of fee added due to acceleration of the Legacy Milestones will be paid provisionally up to 75 percent of the \$20 million pro-rated per month to the Target Completion Date, subject to availability of appropriated funds. Adjustments to the Target Date are discussed below.

CHART II, SCHEDULE INCENTIVE



The Target Cost and Target Schedule Date shown on Charts I and II above, reflect DOE's current approach. Upon submittal of the Contractor's revised baseline and certified cost proposal within six months following contract award, DOE will reevaluate the relative placement of the Target Cost and Target Schedule Date. The reference point for the DOE will be established by an independent cost and pricing validation. DOE will then consider the aggressiveness of the Contractor's proposed Target Cost and Target Schedule Date relative to those independently arrived at by DOE. As appropriate and subject to fair negotiation, DOE will move the Target Cost and/or Target Schedule Date up or down the share lines drawn on the previous Charts I and II. For example, if the Contractor proposed a significantly lower Target Cost than that independently arrived at by DOE, DOE would compensate by moving the Target Cost to the left along the share line, thus raising the Target Fee. This reduces the additional savings required to earn the same incremental fee. This concept would be applied analogously to the Schedule Fee on Chart II. Conversely, if the Contractor's revised Baseline and certified cost estimate are equal to or greater than DOE's projections, DOE may move the Target Cost and Target Date to the right. This would require additional savings or schedule acceleration to achieve the same fee.

All fee payments prior to completion and close-out of this contract are provisional and subject to adjustment by the Contracting Officer in accordance with Sections B.8 and B.9. However, there will not be adjustments made to Legacy Facility Completion once it is earned. The Contractor cannot incur obligations or create contingent liabilities on the part of the Government exceeding the total cumulative funding obligated on the contract and in accordance with the limitation of funds clause. The Contractor must identify to DOE, in sufficient time to support budget requests, the level of fee anticipated to be earned (See Section B.3 entitled "Availability of Appropriated Funds").

Current FEMP Baseline dated March 26, 2000 (in 000's): (Includes figures for DOE-FEMP costs, which are not available for use by the Contractor, such as waste disposal, etc. Changes to the DOE-FEMP costs will necessitate an adjustment in the Contractor Baseline Numbers).

<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
\$316,265	\$340,649	\$313,267	\$325,003	\$285,077
<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>
\$166,006	\$125,418	\$121,072	\$89,909	\$33,326

Note: The current Baseline assumes a 2.7 percent annual escalation. The actual FY2000 funding level is \$274,522,000. The Planning level for FY2001 and beyond is approximately \$290 million per year without escalation, subject to Congressional appropriations. Guidance on

the expected outyear funding profile will be provided to the Contractor by DOE after contract award. The Contractor will use this funding guidance, incorporate any DOE technical changes, conduct a due diligence review of the baseline, and submit a Revised Baseline and Certified Cost Proposal within 6 months following contract award. Change proposals addressing revised funding profiles will need to optimize all available resources ensuring that site goals are completed in a safe and efficient manner that brings the site to completion as quickly as possible. The Contractor shall consider DOE direct costs included in total funding levels, which will be provided by DOE in any funding guidance.

The maximum amount of incentive fee is based on prospective funding and will not be modified unless the Total Project Cost (TPC) increases or decreases by 20%, at which time the parties agree to enter into good faith negotiations to adjust the parameters of the cost incentive, accordingly. Such adjustments will be, at the maximum, pro-rated by the total lifecycle adjustment, less the 20% threshold.

B.7 BASELINE CHANGES

The contractor shall work within the existing baseline until approval of the revised baseline is provided by DOE. Once the firm baseline, target cost, and target fee have been established, then changes will affect the baseline and Target Cost and Target Schedule as follows:

- a. **Changes Beyond Control of the Contractor:** When work under this contract is increased or decreased by approved changes to the baseline, equitable adjustments to baseline completion date(s) and Target Cost will be made, if necessary.

Changes Beyond Contractor Control (Will Negotiate Changes to Target Cost/Schedule----Rely on Baseline Change Proposals (BCP)):

-Forced budget reductions by the Government greater than 1% of annual budget
-New scope that <u>exceeds</u> the defined baseline scope by more than 10%
-DOE direction or DOE initiated actions/events
-Technology decision by the Government or regulators such as the decision on the treatment process for the Silo 1&2 material
-Subcontract cost reduction that is driven by competition (Low Bid/Proposal).
- Changes resulting from collaborative effort by the Contractor and DOE or non-Contractor groups, e.g. stakeholders or regulators.

- b. Changes for Which the Contractor is Accountable: There are some actions/events for which the Government will not accept a baseline change proposal. Such changes will be maintained as a variance to the approved baseline. Examples of these actions/events are clarified in the following Tables. These examples are not meant to be a complete listing of all possible events, but represent major types of events in each category.

**Contractor Accountable (Will Not Change Target Cost/Schedule—
Maintain Variances):**

-Innovative Management/Planning ideas implemented by the Contractor or subcontractor and staff
- Contractor initiatives for technology, process, etc. implemented by the Contractor or subcontractor and staff
- Poor engineering or estimating by Contractor or subcontractor
- Poor management decision by the Contractor or subcontractor, including actions by staff
- Contractor controlled action that results in accident or delay of mission
- Subcontractor controlled action that results in accident or delay of mission
-Inadequate schedules which do not anticipate DOE review/approval durations proportional to the nature of the action.
-Inadequate coordination with EPA/State or other groups impacting actions under the Contractor's control
- Change to scope that is within the range of the baseline assumptions
- ES&H Violation by Contractor or subcontractor, including consequential investigations and impacts
- Fines or penalties imposed by DOE or other regulatory agencies due to the contractor's action, or inaction. (This includes fines levied against DOE based on Contractor performance.)
- Willful misconduct or lack of good judgement by Contractor or subcontractor

B.8 FEE PAYMENT SCHEDULE AND FEE PAYMENT WITHHOLDING

- a. This section establishes the method for provisional payments of both cost and schedule incentive fee. Unless the Contracting Officer elects to do otherwise, as set forth below or elsewhere in this contract, provisional fee payments will be made not more than 3 business days after the Contractor submits an acceptable invoice, as authorized by the Contracting Officer pursuant to Section G.5(b), subject to the availability of funds. Upon receipt of an acceptable invoice for provisional payment of Fee, the Contracting Officer will assess the need for further adjustments based upon factors discussed later in this provision or elsewhere in this contract and pay the amount authorized within three (3) business days.
- b. Prior to receipt, evaluation and negotiation of a revised Baseline which incorporates the Contractor's due diligence review and incorporation of new DOE funding guidance, the Contractor may invoice for 50% of the Cost Incentive on a quarterly basis in conjunction with the Quarterly Critical Analysis Report submittal, at the specified Target Cost and Target Fee, pro-rated over the life of the contract (i.e. to the specified Target Schedule Date).
- c. After negotiation and implementation of the Revised Baseline, the Contracting Officer may increase the provisional payment up to 75% of both the Cost and Schedule Incentives on a quarterly basis, in conjunction with the Quarterly Critical Analysis Report, at the negotiated Target Cost, Target Fee, and Target Schedule. This is to incentivize the Contractor to submit the Baseline Revision/ Cost Proposal and negotiate in an expeditious manner.
- d. At the conclusion of each Government fiscal year, DOE will review the earned value calculations as shown in the Quarterly Critical Analysis Reports, and adjust the provisional payments up or down accordingly. The Contracting Officer has the unilateral right to adjust the provisional payments upward or downward at anytime at his/her sole discretion, using information from the monthly Cost Performance Reports (CPR) and other information available to the Contracting Officer. If a significant overpayment occurs, the Contracting Officer will issue a demand letter requesting an immediate refund or advise of an offset against future fee payments.
- e. Should the Contractor earn the Legacy Facility Completion Fee on or before September 30, 2005, or anywhere before December 31, 2006, this Fee will be added to the Schedule Fee payments and will be paid provisionally on a quarterly basis, subject to the availability of appropriated funds.

- f. All fee paid provisionally remains provisional until audit and final closeout of this contract; however, the Contracting Officer will release up to 90% of the fee after Contractor completion of the final punch list items pursuant to Section F.6.
- g. In order to assure the Contractor's ability to repay any provisional fees that are determined to be in excess of the actual fee earned at the conclusion of the contract, the Contracting Officer may utilize the performance guarantee executed pursuant to the clause entitled "Guarantee of Performance Agreement" in Section H as a basis for a demand to collect monies owed.
- h. For reasons and in the manner explained in paragraphs below and elsewhere in this contract, including clause B.9 entitled "Conditional Payment of Fee, Profit, or Incentives," the Contracting Officer may decide to reduce or withhold any provisional fee payment. The right of the Contracting Officer to reduce or withhold fee payments is in addition to other rights and remedies available under this contract. Such reductions may take either of two forms. First, the Contracting Officer may elect to defer a provisional fee payment. A deferral results in a reduction of the immediate provisional fee payment, but does not result in a revision to the maximum incentive fee at the conclusion of the contract, including cost and schedule variances discussed in the following paragraph. Second, the Contracting Officer may elect to deduct fee pursuant to clause B.9 entitled "Conditional Payment of Fee, Profit, or Incentives" or clause H.3 entitled "Key Personnel". A deduction results in a reduction of the immediate fee payment, and also in a reduction to the maximum incentive fee at the conclusion of the contract.
- i. In determining the appropriate amount of fee to be paid provisionally, the Contracting Officer will use the following earned value constraints:
 - 1. Cost Variance. The cost variance index (CVI) (%) is the Budgeted Cost of Work Performed (BCWP) minus the Actual Cost of Work Performed (ACWP) divided by the Budgeted Cost of Work Performed (BCWP), $[CVI = (BCWP - ACWP)/BCWP]$. When there is no cost variance, the Contracting Officer will make no adjustments to the fee payment unless otherwise warranted for reasons described elsewhere in this contract. The cost variance is computed on total project cost, not the cost of individual activities. The Contracting Officer will defer provisional payments based proportionally upon the extent of the cost variance.
 - 2. Schedule Variance. The schedule variance index (SVI) (%) is the Budgeted Cost of Work Performed (BCWP) minus the Budgeted Cost of Work Scheduled (BCWS) divided by Budgeted Cost of Work Scheduled (BCWS),

[SVI = (BCWP - BCWS)/BCWS]. When there is no schedule variance, the Contracting Officer will make no adjustments to the provisional fee payment unless otherwise warranted for reasons described elsewhere in this contract. The Contracting Officer will defer provisional payments based proportionally upon the extent of the schedule variance.

j. Release of Deferred Fee.

The Contracting Officer may release withheld fees when the Contractor demonstrates that the condition leading to the withholding has been corrected. For example, a withheld fee resulting from one or more cost variance(s) may be paid to the Contractor when the Contractor recovers from the cost variance, meaning that there has been acceptable cost variance at the ends of two consecutive quarters.

k. Reserved.

l. Termination. If this contract is terminated in its entirety, fee shall be payable to the Contractor consistent with the Section I clauses entitled "Termination" and "Incentive Fee". DOE and the Contractor recognize that accelerated closure is the mission of the Fernald Environmental Management Project (FEMP) site. The parties agree that the term "Default" in the clause entitled "Termination" in Section I of this contract includes the situation where the aggregate adjustments for the Cost Variance Index and Schedule Variance Index equal or exceed -50% (negative 50%) for a period of any 4 consecutive calendar quarters, commencing with performance under the revised Baseline required to be submitted within 6 months following contract award (See Section B.6). Nothing in this paragraph shall limit or restrict the application of the clause entitled "Termination" in Section I of this contract.

m. Nothing in this Clause B.8 limits the rights of the Contracting Officer set forth in the clause "Incentive Fee" of this contract.

B.9 DEAR 970.5204-86, CONDITIONAL PAYMENT OF FEE, PROFIT, OR INCENTIVES AND ALTERNATE I (April 1999) (DEVIATION)

In order for the Contractor to receive all cost and Schedule Incentive fee under the contract, the Contractor must meet the minimum requirements in paragraphs (a) through (d) of this clause. If the Contractor does not meet the minimum requirements, the Contracting Officer may make a unilateral determination to deduct fee (or provisional fee) as described in the following paragraphs of this clause.

(a) Minimum Requirements for Environment, Safety & Health (ES&H) Program. The Contractor shall develop, obtain DOE approval of, and implement a Safety Management

System in accordance with the provisions of the clause entitled, "Integration of Environment, Safety and Health into Work Planning and Work Execution." The minimal performance requirements of the system will be set forth in the approved Safety Management System, or similar document. If the Contractor fails to obtain approval of the Safety Management System or fails to achieve the minimum performance requirements of the system, the Contracting Officer, at his/her sole discretion, may deduct fee by an amount up to the provisional amount paid, or to be paid, in any fiscal year.

(b) Minimum Requirements for Catastrophic Event. If, in the performance of this contract, there is a catastrophic event (such as a fatality, or a serious workplace-related injury or illness to one or more Federal, Contractor, or subcontractor employee or the general public, loss of control over classified or special nuclear material, or significant damage to the environment), the Contracting Officer may deduct fee by an amount up to the cost and schedule based incentive fee for the fiscal year. In determining any diminution of fee resulting from a catastrophic event, the Contracting Officer will consider whether willful misconduct and/or negligence contributed to the occurrence and will take into consideration any mitigating circumstances presented by the Contractor or other sources.

(c) Minimum Requirements for Specified Level of Performance.

(1) The Contractor must perform the Statement of Work requirements at a level of performance such that the total performance of the contract is not jeopardized.

(2) The Contractor must meet all Baseline or Regulatory requirements on time, and must notify DOE in writing, of potentially missed regulatory milestones, not later than 30 days prior to the regulatory milestone date.

(3) The evaluation of the Contractor's achievement of the level of performance shall be determined unilaterally by the Contracting Officer. To the extent that the Contractor fails to achieve the minimum performance levels specified in the Statement of Work, the Contracting Officer may deduct up to \$1 million in Target Fee. Such reduction shall not result in the total fee being less than 25% of the Target Fee, calculated on an annual basis.

(d) Minimum Requirements for Cost Performance.

(1) Requirements incentivized by other than cost incentives must be performed within their specified cost constraint and must not adversely impact the costs of performing unrelated activities.

(2) The performance of requirements with a specific cost incentive must not adversely impact the costs of performing unrelated requirements.

(3) The Contractor's performance within the stipulated cost performance levels shall be determined unilaterally by the Contracting Officer. To the extent the Contractor fails to achieve the stipulated cost performance levels, the Contracting Officer, at his/her sole discretion, may deduct up to \$500,000 in Target Fee. Such reduction shall not result in the total fee being less than 25% of the Target Fee, calculated on an annual basis.

B.10 STATEMENTS OF COMMITMENT

The Government and the Contractor recognize the accelerated closure is a cooperative undertaking that requires both parties to seek innovative approaches to achieve the end objective. Streamlining processes and eliminating non-value-added requirements are critical to accomplishing accelerated closure. Both parties agree through the term of this contract to use their best efforts and to cooperate in seeking the reduction of non-value-added requirements and processes that impede progress.

During the performance of the contract, the parties agree that efficiencies and performance improvements will be required to reduce the actual cost and/or improve the schedule for the work. The benefit to the Government of any savings resulting from efficiencies and/or performance improvements occurring during the performance of this contract accrue through the Government's share identified in Clause I.89 of the contract.

The Government and the Contractor will work together by establishing a common vision, with supporting goals and missions to promote teamwork, mutual respect, openness, honesty, trust, and professionalism in day-to-day activities. The Government and the Contractor's joint commitments include:

- , Maintaining High Safety Performance
- , Completing the Project on Schedule, within Cost
- , Eliminating Barriers to a Faster, More Cost Effective Program
- , Resolving Conflicts through Coordinated Work Efforts to Avoid Adversarial Relationships

B.11 ADDITIONAL ITEMS EXCLUDED FROM TARGET COST NUMBERS

Subparagraph (e) of Clause I.89, entitled "Incentive Fee" identifies certain costs that will not be included in "total allowable cost" for the purposes of fee adjustment. As set forth in paragraph (e)(5), all other allowable costs are included in "total allowable cost" for fee adjustment in accordance with subparagraph (e), unless otherwise specifically provided in this contract. The

following items of cost are not to be included in “total allowable cost” for the purposes of fee adjustment under the clause “Incentive Fee”:

- , The cost of any lump-sum payment directed by the Contracting Officer in accordance with Clause H.14.c.5.
- , Increased disposal costs for waste disposal sites controlled by DOE (i.e., NTS).

B.12 NOTICE OF CIVIL PENALTIES FOR VIOLATION OF SECURITY OF DOE CLASSIFIED OR SENSITIVE INFORMATION OR DATA

Note: The Contractor shall be required to comply with this provision if and when it is included into the DEAR per Acquisition Letter 99-07, dated November 30, 1999.

Section 3147 of the National Defense Authorization Act for Fiscal Year 2000, Public Law 106-65, is intended to increase the accountability of DOE Contractors concerning the protection of classified information and materials. The Contractor agrees to include conditional fee language for safeguards and security violations when the rulemaking on those provisions is completed. The Section amends the Atomic Energy Act of 1954 to provide civil penalties for violations of DOE regulations regarding security of classified or sensitive information or data of up to \$100,000 per violation. An additional provision of Section 3147, separate from the civil penalty authority, requires appropriate reduction of fees or amounts paid to the Contractor under the contract in the event of a violation by the Contractor or Contractor employee of any rule, regulation, or order relating to the safeguarding or security of Restricted Data or other classified information.